

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

---ooOoo---

SMALL MINE RECLAMATION CONTRACT

RECEIVED
DEC 12 2006

DIV. OF OIL, GAS & MINING

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Red Warrior Rock, Inc.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/053/012** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

☒ APPROVED

workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
 - 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
 - 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety

☒ APPROVED

for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

☒ APPROVED

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

☒ APPROVED

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

Red Warrior Rock, Inc.
Operator Name

By Kay Jean Matthews
Authorized Officer (Typed or Printed)
President
Authorized Officer - Position

Kay Jean Matthews 12/7/06
Officer's Signature Date

STATE OF Utah)
) ss:
COUNTY OF Washington)

On the 7 day of December, 2006, Kay Jean Matthews personally appeared before me, who being by me duly sworn did say that he/she is an President (owner, officer, director, partner, agent or other (specify)) of the Operator Red Warrior Rock, Inc. and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Michele M. Maxfield
Notary Public
Residing at St George, Utah 84770
1-13-2008 2008
My Commission Expires:



☒ APPROVED

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

12/13/2006
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 13 day of December, 2006, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

05-08-2010
My Commission Expires:

FACT SHEET

Commodity: Limestone

Mine Name: Red Warrior Limestone Mine

County: Washington

Acres: 5

Operator Name: Red Warrior Rock, Inc.

Operator Address: Post Office Box 1422, St. George, Utah 84771

Operator email: rocknok@infowest.com

Operator telephone: 435-619-2611

Operator contact: Kay Jean Matthews

Operator contact email: as shown above

Surety: CORPORATE SURETY BOND

Surety Amount: \$10,000.00 ~~\$600.00~~ REQUIRED

Account Number:

Surety Company: Traveler's Casualty and Surety

Surety Company Contact: 435-674-2221, Labrum Insurance

Surety Type: Letter of Credit

Surety Amount: \$18,000.00

Bank: The Village Bank

Letter of Credit Number:

Bank Contact: Trudi J. Stilson

Bank Contact phone: 435-652-8200

Tax ID:

Escalation year: 2009

Company was previously named L&M General Engineering and Construction, Inc. and is now identified as Red Warrior Rock, Inc. – documentation submitted. Company is in good standing with the Utah Department of Commerce.

RECEIVED

DEC 12 2006

Div. of Oil, Gas & Mining

AGGREGATE BOND REQUIREMENT
\$18,600.00



THE VILLAGE BANK

Letter of Credit No.

Date: November 28, 2006

STATE OF UTAH

UTAH DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

Re: Red Warrior Rock, Inc., Red Warrior Limestone Mine, S/053/012

Gentlemen and Ladies:

1. The Village Bank ("Bank"), of St. George, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$18,000.00 in United States dollars ("Face Amount") effective immediately, on behalf of Red Warrior Rock, Inc. ("Operator") for Red Warrior Limestone Mine operation under Mine Permit No. S/053/012.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on November 22, 2007 or (b) the date upon which sufficient documents are executed by the Division to release Red Warrior Rock, Inc. from further liability for reclamation of the Red Warrior Limestone Mine operation, S/053/012 with notice to Bank or by the Division accompanied by the original Letter of Credit with directions for cancellation/termination.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless 90 days prior to the expiration date the Bank gives notice to the Division by any courier service or by registered United State mail 'return receipt requested' that the Bank elects NOT to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. delivered to the office of the Bank, 294 East Tabernacle, St. George, Utan. At the Division's sole election, the Division my present sight drafts for less that the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in

 **APPROVED**

RECEIVED

DEC 0 / 2006



THE VILLAGE BANK

5. the form of Exhibit B, signed by a duly authorized representative of the Division.
6. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of the Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of Utah are authorized or authorized or required by law to close.
7. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.
8. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
9. All communications regarding this Letter of Credit will be addressed to The Village Bank, 294 East Tabernacle, St. George, Utah 84770 (435) 674-5200, referencing Letter of Credit No.
10. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, The Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the provisions of Paragraph 4.

Very truly yours,

The Village Bank

By: Trudi J. Stilson

Loan Officer



THE VILLAGE BANK

EXHIBIT A – SIGHT DRAFT
To
Letter of Credit Number: [REDACTED]

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining.

DOLLARS

TO: The Village Bank
294 East Tabernacle
St. George, Utah 84770

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature



THE VILLAGE BANK

EXHIBIT B

To
Letter of Credit Number., _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated November 28, 2006 issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the Red Warrior Limestone Mine, number S/053/012 in accordance with applicable law.

The Utah Division of Oil, Gas and Mining

By: _____

Authorized Signature

The Utah Division of Oil, Gas and Mining

Date: _____

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: **Douglas F. Labrum, of St. George, Utah,** their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto *not exceeding the sum of TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS per bond* and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

BOND NUMBER _____

Corporate Surety Bond

STATE OF UTAH
BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Red WARRIOR ROCK, INC
of PO BOX 1423 St. George, UT 84771 as
principal and Travelers Casualty & Surety Co. of America, as surety,
are held and firmly bound unto the State of Utah in the sum of TEN THOUSAND & NO/100 Dollars
(\$10,000) lawful money of the United States to be paid to the School & Institutional Trust Lands Administration, as
agent for the State of Utah, for the use and benefit of the State of Utah, and of any patentee or purchaser of any portion of the
land covered by the hereinafter described lease heretofore sold or which may hereafter be sold with a reservation to the State
of Utah, on the surface or of other mineral deposits of any portion of such lands, for which payment, well and truly to be made,
we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, sublessees, and assignees,
jointly and severally by these presents.

Signed with our hands and sealed this 15 day of March, 2006.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) Rip RAP & Limestone
lease, Lease Number ML44686 and dated 15 MARCH 2006, to 15 MARCH 2010
as lessee (and said lease has been duly assigned under date of 1-22-2000
to 15 MARCH 2010) to drill for, mine, extract, and remove all of the
Limestone deposits in and under the following described lands, to wit:

TOWNSHIP 43 SOUTH Range 18 West S1/4 E1/4
2 S E 1/4

NOW, THEREFORE, the principal and surety shall be obligated to pay all monies, rentals, royalties, costs of
reclamation, damages to the surface and improvements thereon and any other damages, costs, expenses, penalties, interest or
liabilities which arise by operation of or in connection with the above described lease(s) accruing to the Lessor and shall fully
comply with all other terms and conditions of said lease, the rules, regulations, and policies relating thereto of the School &
Institutional Trust Lands Administration, the Board of Oil, Gas and Mining, and the Division of Oil, Gas and Mining as they
may now exist or may from time to time be modified or amended. This obligation is in effect even if the principal has conveyed
part of its interest to a successor in interest. If the principal fully satisfies the above described obligations, then the surety's
obligation to make payment to the State of Utah is void and of no effect, otherwise, it shall remain in full force and effect until
released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered
in the presence of:

Douglas F. Labrum
Witness

Kearney Matthes, Pres.
Principal (SEAL)

Cindy L. Williamson
Witness

BONDING COMPANY Travelers Casualty & Surety
BY Douglas F. LabrumAttest: Cindy L. Williamson

APPROVED AS TO FORM
MARK L. SHURTLEFF
Attorney General

Resident Agent: Douglas F. LabrumBonding Co Address: 770 PENNSYLVANIA DRIVE, Ste 101EXTON, PA 19341By [Signature]

Corporate Seal of Bonding Company Must be Affixed.

From: Beth Ericksen
To: Bailey, Vicki
Date: 12/07/2006 12:33:15 PM
Subject: \$600.00 request to return

Vicki-

You are holding a check in the amount of \$600.00 sent in by Red Warrior Rock, Inc.
This check must be returned to the operator since they have submitted an alternative and acceptable form of surety in its place.

Please mail the check to:

RED WARRIOR ROCK INC
attn: Kay Jean Matthews
PO BOX 1422
ST GEORGE UT 84771

If you require a more formal procedure that involves me in order to return it, please let me know.

Thank you,
Beth

CC: rocknok@infowest.com



E-MAILED

Kay Jean Matthews

THE FACE OF THIS CHECK HAS A

ECTIVE METALLIC EAGLE HOLOGRAM, BLUE

CKGROUND AND MICRO PRINTING

NOTICE TO CUSTOMER

As a condition to this institution's issuance of this check, purchaser agrees to provide an indemnity bond prior to the refund or replacement of this check in the event it is lost, misplaced, or stolen.



THE VILLAGE BANK

1091 North Bluff ♦ St. George, UT 84770

013257

97-293/1243

MEMO Red Warrior Rock, Inc.

DATE December 5, 2006

PAY TO THE

ORDER OF *****State Of Utah/D O G M*****

\$ ***600.00***HH

RE: Red Warrior Rock, Inc

Permit # S/053/012

THE
VILLAGE BANK

60000LS00CT

DOLLARS

OFFICIAL CHECK



Michelle McLaughlin
AUTHORIZED SIGNATURE

013257 0124302930 2200030

THE BACK OF THIS CHECK CONTAINS A WATERMARK - HOLD AT AN ANGLE TO VIEW

Per VB
checked returned
via us mail
Dec 8, 2006

RECEIVED

DEC 0 / 2006

Div. of Oil, Gas & Mining